



[Docket No. FR-6389-N-01]

Section 184 Indian Housing Loan Guarantee Program; Reduction to the Upfront and Annual Loan Guarantee Fees

AGENCY: Office of the Assistant Secretary for Public and Indian Housing, HUD.

ACTION: Notice.

SUMMARY: The Section 184 Indian Housing Loan Guarantee program (“Section 184 program”) is a home mortgage program specifically designed for American Indian and Alaska Native families, Alaska villages, Tribes, or Tribally Designated Housing Entities. Congress established this program in 1992 to facilitate homeownership and increase access to capital in Native American communities. Based on the Section 184 program’s strong performance and low default rate, HUD has determined that the fees charged to the borrower can be reduced without risk to the overall performance of the program. HUD is hereby exercising its authority to decrease the upfront loan guarantee fee from 1.50 to 1.00 percent and the annual loan guarantee fee from 0.25 to 0.00 percent for all new or updated Section 184 Firm Commitments as of the effective date of this Notice, including refinances.

DATES: Applicable Date: July 1, 2023.

FOR FURTHER INFORMATION CONTACT: Heidi J. Frechette, Deputy Assistant Secretary for Native American Programs, Office of Public and Indian Housing, Department of Housing and Urban Development, 451 7th Street SW, Room 4108, Washington, DC 20410; telephone number 202-401-7914 (this is not a toll-free number). HUD welcomes and is prepared to receive calls from individuals who are deaf or hard of hearing, as well as individuals with speech or communication disabilities. To learn more about how to make an accessible telephone call, please visit <https://www.fcc.gov/consumers/guides/telecommunications-relay-service-trs>.

SUPPLEMENTARY INFORMATION:

I. Background

Section 184 of the Housing and Community Development Act of 1992 (Public Law 102–550, approved October 28, 1992), as amended, established the Section 184 program to provide access to sources of private mortgage financing to Indian families, Indian housing authorities, and Indian tribes. Congress established this program in 1992 to facilitate homeownership and increase access to capital in Native American Communities. The Section 184 program addresses obstacles to mortgage financing on trust land and in other Indian and Alaska Native areas by giving HUD the authority to guarantee loans to eligible persons and entities to construct, acquire, refinance, or rehabilitate one- to four-family dwellings in these areas.

The Section 184 program is funded by a combination of annual appropriations and upfront and annual fees collected from the borrower. Program costs include amounts for claims, contracts, and other expenses related to foreclosure. To ensure the program has enough funding, pursuant to 12 U.S.C. 1715z-13a(d) and 24 CFR 1005.109, HUD has the authority to establish an upfront loan guarantee fee in an amount not exceeding 3.00 percent of the principal obligation of the loan and an annual loan guarantee fee in an amount not exceeding 1.00 percent of the remaining guaranteed balance.

On March 5, 2014, HUD issued a Notice increasing the upfront loan guarantee fee from 1.00 to 1.50 percent. (79 FR 12520). The new loan guarantee fee became effective on April 4, 2014.

On October 7, 2014, HUD issued a Notice exercising its statutory authority to implement an annual loan guarantee fee to the borrower in the amount of 0.15 percent. (79 FR 60492). The new annual loan guarantee fee became effective on November 15, 2014.

On November 1, 2016, HUD issued a second Notice increasing the annual loan guarantee fee from 0.15 to 0.25 percent. (81 FR 75836). The new annual loan guarantee fee became effective on December 1, 2016.

Since 2016, the Section 184 program has consistently experienced a very low default rate. Lenders are doing a better job of underwriting and servicing the loans, and Tribes continue

to proactively provide housing counseling and support in an effort to keep Native American families in their homes. These factors have strengthened the financial performance of the Section 184 program. As a result, the program can support a reduction of loan guarantee fees to Native American borrowers without increasing financial risk to the Fund.

The reduction in fees will make Section 184 loans more affordable to Native American families and help remove barriers to private financial capital. Reducing the upfront and annual loan guarantee fees will have a positive financial impact on a typical borrower. Under the revised fee structure, the average family could save almost \$5,700 over the course of the loan, which is a meaningful savings for an average Native American family.

II. Reduction of the Upfront and Annual Loan Guarantee Fee

This Notice reduces the Section 184 program upfront loan guarantee fee from 1.50 to 1.00 percent and the annual loan guarantee fee from 0.25 to 0.00 percent. This reduction will apply to all Section 184 program applicants receiving a new or updated Section 184 Firm Commitment as of the applicable date of this Notice, including refinances. This reduction will not apply to loans currently guaranteed by this program.

III. Environmental Impact

This Notice involves the establishment of a rate or cost determination that does not constitute a development decision affecting the physical condition of specific project areas or building sites. Accordingly, under 24 CFR 50.19(c)(6), this Notice is categorically excluded from environmental review under the National Environmental Policy Act of 1969 (U.S.C. 4321).

Dominique Blom,
General Deputy Assistant Secretary for Public and Indian Housing.

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